

PICTURE PERFECT

Photo products command top price and they're an easy niche to tap into

Printing photographs has traditionally been limited to photo labs, requiring specialized equipment for photo processing and printing. But changes in technology have opened up new opportunities for commercial printers to leverage an image beyond a simple 4"x 6" snapshot and move into high-value premium photo publishing, including calendars, photo books, greeting cards, sports cards, and similar photo-based items.



Over the last decade, the way people take and print photographs has gone through a monumental shift. Sales of film and film cameras have shrivelled, replaced by digital cameras for professionals and consumers alike. These developments have transformed what people do with their pictures, how they print them, display them, and store them.

Photo printing can now be done on a range of technologies, including inkjet, thermal, dye sublimation, and laser electrophotographic, and can range from printers designed for photo labs capable of producing in excess of 2,000 prints per hour, stand-alone kiosks, desktop photo printers, and, of course, digital production printers more familiar to commercial print shops.

* You can match your photo offerings to your production capabilities, both printing and finishing equipment

As a result, the lines between photography and printing are beginning to cross. Professional photography labs, general mass merchandisers, online photo services, print shops, and marketing agencies are all actively trying to capture a piece of the photo publishing and merchandising pie. Photographers are looking at photo merchandise as a value add service, while printers, armed with digital presses capa-

Make your shop photo-genic

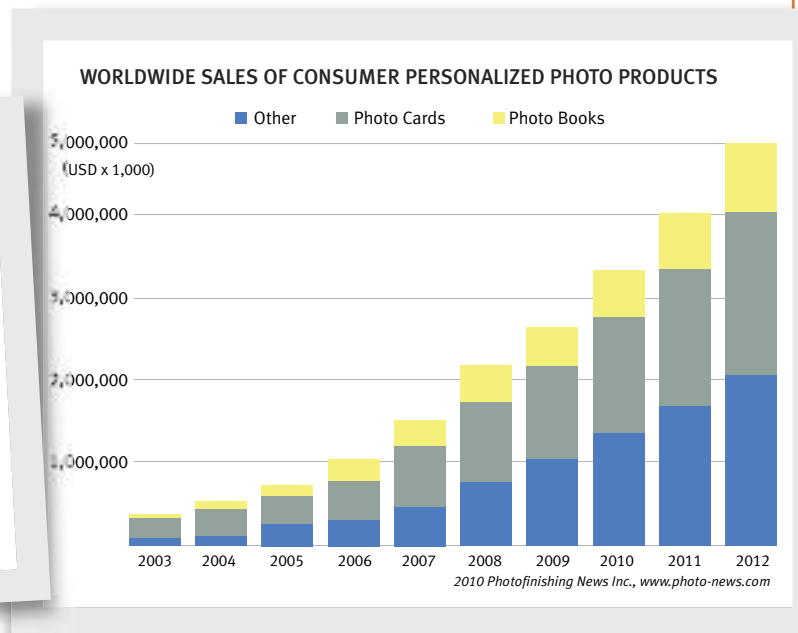
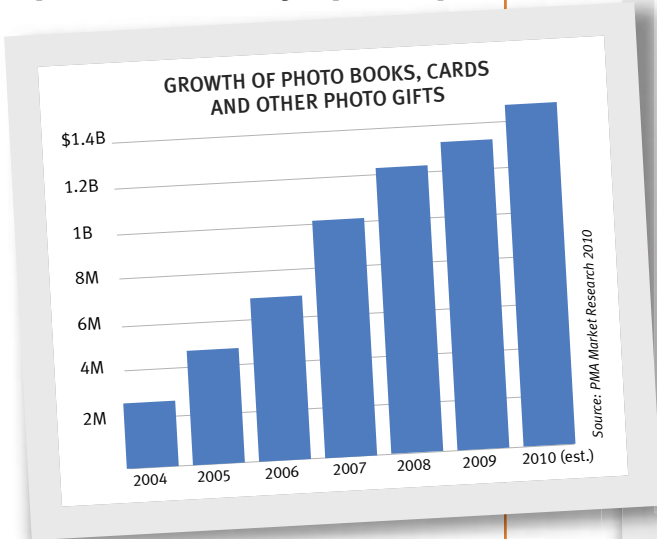
Photo books and photo products represent a tremendous opportunity for the commercial printer. We aren't suggesting printing the standard 4" x 6" snapshot. This is a commodity business, facing slowing growth and brutal competition from major retail chains and online services. More attractive, however, are premium photo products that offer higher value and often command a premium price. This is a natural extension of the kind of work that printers already produce, such as postcards, greeting cards, and calendars. While we don't think of them as photo products, in the minds of many customers they are. Similarly, a photo book is basically a book with a different binding style that gives it an enhanced feel.

With barriers of entry into the photo publishing market eroding, you can match your photo offerings to your production capabilities, which include both printing and finishing equipment. Many photo products can be produced by simply leveraging your output devices. While competition will come from a variety of sources—many of which printers are not used to seeing—you do have a number of important advantages. Printers are used to working closely with customers to develop customized and personalized products with much higher value added and margins. Printers also have equipment that is much more flexible than the standard photo printer. Many high-quality production devices are capable of producing a wide variety of formats. Digital presses can produce cards, calendars, and books, and with special effects such as dimensional print, they offer greater capabilities than the standard photo printer. Combined with cutting, folding, and binding equipment, printers already have made much of the capital investment required to produce high-quality photo products.

You also have another important advantage—your customer base. While consumer products get most of the attention, and probably represent the greatest part of the market, most commercial printers will have a difficult time making a significant impact in this market. Printers do, however, serve the needs of businesses and their local community. There is no need to find new customers to grow the photo business. There are numerous opportunities with existing customers.

For example, many businesses send postcards. They typically have a nice photo. Voilà, a photo application. Expand this to commemorative books, or yearbooks. Schools and youth teams usually have photos taken, and often individual cards. This is business available to commercial printers. Most communities have art galleries or museums. A nice catalogue, perhaps with postcards or posters of individual works, represents a recurring business opportunity. The possibilities of expanding business among existing customers is endless. You just have to bring them the ideas.

Photo products represent a way to grow your customer base, generate new revenues, and offer better margins than conventional commercial printing. Yet it doesn't require new equipment or processes, just a different way of looking at the resources you already have.



ble of photo quality reproductions, are looking at the photo market as a new source of revenue.

Although electronic capture means that a smaller proportion of photographs are printed, the increase of digital devices, the declining retail prices for photo merchandise, and a rising interest in new products means that print growth remains strong. The Photo Marketing Association estimates that the average household takes about 400 photographs

each year. Nearly two billion photos are printed in Canada annually, about three-quarters of which are done commercially, either online or at a retail location, representing about \$400 million in sales.

What's most interesting about that number, though, is the importance of photo publishing—things like photo books, cards, calendars, and such. As more photos are shared online, consumers and businesses alike have become more creative about how they use their photographs, leading to bur-

geoning demand for non-traditional products. Demand for these higher-value 'premium' photo products continues to be strong.

"Consumers are looking for more sophistication around personalization," notes Danny Ionescu, vice president for graphics at HP Canada. "That's where the growth is right now." Brian Segit, Xerox' "photo guy" concurs. "Printers can grow their customer base, generate new revenue and better margins." According to research companies such as InfoTrends, Lyra and others, the photo merchandising market in Canada should grow to more than \$200 million by 2014 and another 25% by 2017. These numbers are still a small fraction of the \$1.5 billion promotional calendar market or the \$7.5 billion greeting card market in North America. Consumer surveys by

PROFILE:

West Canadian Digital Imaging

Nearly 60 years old, West Canadian Digital Imaging started out as a traditional microfilm and reprographic service shop. Headquartered in Calgary and with a second facility in Edmonton, it currently has about 225 employees. Over the years, as it had to alter its focus to meet dramatic changes in technology and the needs of its markets, the company expanded its services to include direct mail, wide format, facilities management, and digital printing.

Vice president of marketing and online business solutions Tim Flaman, a 19-year company veteran, says West Canadian saw an opportunity to expand its offerings to include the rapidly growing digital photo market, particularly printing photo books and calendars. Photography was not an entirely new business for West Canadian. During the 1970s, '80s and '90s, it had a large wholesale photo finishing division, which was eventually sold. A few years later, it re-entered the business with a retail camera, accessory and photo lab business.

In April 2010, the company purchased two HP Indigo 5500 digital presses to enter the photo book market. West Canadian was already familiar with digital printing, from its direct mail and corporate printing operations, and the Indigos could also serve their existing direct mail operations.

To support the investment, West Canadian realized it needed volume, says Flaman. So the first part of the strategy was to provide printing of photo books and calendars for the wholesale market. West Canadian's customers are primarily online sites with the front-end capability for consumers to make their own photo books and calendars. It has limited its production exclusively to these applications, although "We are looking to expand our use of different substrates to produce different products—paper, canvas—anything that can come out of an HP device," says Flaman. So far so good. In less than a year, photo already represents about 5% of total business, and is growing rapidly.

That's not to say there haven't been challenges. As the shop expands its customer base, it has to work with different front-end systems. Once integrated into its own workflow, however, production went smoothly. "Our system allows for any product spec," says Flaman. "But fulfillment is much more complicated than printing." Because so much production is concentrated in the last month or two of the year, the Indigos can also be used for the direct mail operation, although one tends to be dedicated to photo. As the photo business and corporate business use different workflows, scheduling can become a little complex.

West Canadian will continue to expand its photo offerings. It does some photo printing at its retail stores, with both kiosks and counter service, using equipment from Fujifilm, and Hewlett-Packard. It also hopes to develop its own front end and do more customer-facing work. One potential area is its existing corporate clients. Flaman sees a lot of corporate books coming in through consumer channels, and he sees opportunities in printing photo books for sponsorships, customer events, and similar projects. "The potential of the corporate market has only been scratched," he says.



In less than a year, the photo business at West Canadian has grown to about 5% of total business and is growing quickly



Xerox's Brian Segit on YouTube: growth is in personalization

*** Research indicates that nearly half of consumers either do now or plan to create photo books, cards and letters**

The Photo Marketing Association indicate that photo cards are the most ordered photo-publishing product, followed by photo books. Research indicates that nearly half of consumers either do now or plan to create photo books, cards, and letters.

As most of these premium photo products are produced on digital presses, vendors such as HP/Indigo, Kodak, and Xerox are focusing on the photo publishing market. HP's Indigo general manager Alon Bar Shany claims that the Indigo photo business has grown more than 50% annually since 2004, with 25% growth in the peak production season even during the recession. Indigo is looking to grow photo page volume by 30% for 2011.

These products are not just for con-


sumers, however. Business applications for real estate, events, travel and leisure, commemorative books, non-profit organizations, and educational institutions, among others, are ways that the photo publishing market is expanding. Businesses find that photo-intensive materials are more effective at reaching customers and increasing revenues. Business applications are particularly important for commercial printers, as it builds on an existing and ready made

 **These products are not just for consumers, however. Corporate applications are expanding too**

customer base. Perhaps more important for operations, it is not as seasonal as the consumer business, which is concentrated in the two months leading up to New Year's. It's also a repeat business that can provide a steady stream of revenue.

Equally important for commercial printers is that they can use the digital colour production presses and finishing equipment already on their floor to produce these photo products. While a specialized interface or workflow could be used or developed, it's not at all necessary. If a printer already has a web to print system, it can be adapted for B2B applications with the addition of appropriate templates.

Moreover, continued developments in technology of printers means that photos can now be printed on a variety of substrates, including canvas, high gloss, photo gloss, or matte papers that had been limited to conventional photographic printers. Suppliers have also developed techniques such as dimensional or raised printing and other special effects that simulate photo stock.

Many of the trends in the evolution of commercial printing such as incorporating personalization have opened up new markets and applications for business and consumer applications alike. The photo printing and publishing market continues to be dynamic, as businesses, consumers, and service providers innovate and create new products and means of expression. 

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